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IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS

Financing an effective United Nations: A report of the Independent Advisory Group on United Nations Financing

Report of the Secretary-General

I. PREFACE

1. In accordance with General Assembly resolution 47/215 of 23 December 1992, the Secretary-General has submitted a report (A/48/503) which provides a factual analysis of the financial situation of the United Nations. As foreseen in the preface to that report, this second report presents the comments of the Secretary-General on the report of the Independent Advisory Group on United Nations Financing entitled "Financing an effective United Nations", which was previously transmitted to the Assembly in the annex to a note by the Secretary-General (A/48/460).

2. The present report addresses broad policy issues concerning the question of establishing a secure financial base for the United Nations so that the Organization can fulfil its responsibilities effectively and in a timely fashion.

II. INTRODUCTION

3. The central argument of the report of the Independent Advisory Group is that "the United Nations must be assured of the timely availability of funds to meet the obligations placed on it by Member States" (A/48/460, para. 17). The report contains 21 recommendations intended "to provide more consistent and reliable funding of United Nations activities in the interest of the effectiveness of the United Nations and to facilitate the work of the Secretary-General. They are also intended to make it easier for Governments to meet their financial obligations to the United Nations" (ibid., para. 101).

4. The recommendations of the Independent Advisory Group merit careful and thorough review by the General Assembly with a view to strengthening the capacity of the United Nations to serve the international community. Each recommendation is reproduced in full. It is then followed by the Secretary-General's comments.

5. For his part, the Secretary-General had submitted to the General Assembly at previous sessions proposals for a secure financial base for the Organization: notably at the forty-second and forty-sixth sessions, in his reports on the financial crisis and situation of the United Nations (A/42/841 and A/46/600/Add.1). Proposals on the subject were also put forward in "An Agenda for Peace" (A/47/277-S/24111). Many of these proposals (including prompt payment of assessments, charging interest on late payments, an increase in the level of the Working Capital Fund, retention of budgetary surpluses, establishment of a peace-keeping reserve fund and authorization to obligate a certain percentage of the estimated cost of a peace-keeping operation once it is approved by the Security Council) are either partially or fully compatible with the recommendations of the Independent Advisory Group. In this connection, it is useful to note that some of the proposals have been acted upon by the Assembly.

III. RECOMMENDATIONS OF THE INDEPENDENT ADVISORY GROUP ON UNITED NATIONS FINANCING

Recommendation 1. "The division of United Nations expenditures into three categories - with the regular budget financed by assessed contributions, peace-keeping financed by a separate assessment and humanitarian and development activities financed largely by voluntary contributions - is appropriate" (A/48/460, para. 18).

6. The Secretary-General agrees that the categorization of the current United Nations expenditures under these three headings remains broadly valid. At the same time it is noted that the regular budget includes resource provisions that partially cover the cost of backstopping for peace-keeping operations; that one peace-keeping operation that was originally funded by voluntary contributions (the United Nations Peace-keeping Force in Cyprus (UNFICYP)) is now assessed for the cost that exceeds the voluntary contributions received. It should also be noted that support cost income emanating from peace-keeping and voluntary contributions is funding a number of programme support posts and activities.

7. With regard to the financing of peace-keeping operations by separate assessments, it is noted that the General Assembly has, since 1973, authorized an ad hoc scale which recognizes the special responsibility of the Permanent Members of the Security Council (see General Assembly resolution 3101 (XXVIII) of 11 December 1973).

8. In recent years, while not moving away completely from the position that humanitarian activities should be financed through voluntary contributions, Member States have included some amounts related to humanitarian activities in the budgets for peace-keeping operations. The United Nations Operation in Somalia (UNOSOM) was the first peace-keeping operation whose budget included a number of posts (49) for the coordination of humanitarian assistance activities.

9. By its resolution 46/182 of 19 December 1991 (annex, sect. IV (a)), the General Assembly decided to establish, under the authority of the Secretary-General, a Central Emergency Revolving Fund as a cash-flow mechanism to ensure the rapid and coordinated response of the organizations of the United Nations system. It was decided that the Fund should be put into operation with an amount of $50 million and should be financed by voluntary contributions. Resources would be advanced to the operational organizations of the system on the understanding that reimbursement to the Fund would be a first charge against voluntary contributions received in response to consolidated appeals. The operation of the Fund would be reviewed after two years.

10. As at 30 September 1993, 27 countries and one non-governmental organization had contributed $48.8 million to the Fund. Seven organizations of the system had obtained advances from the Fund in amounts totalling $52.7 million to finance 17 projects or operations. As of the same date, some $22.4 million has been reimbursed to the Fund. The cash balance at 30 September 1993 was $19.5 million.

A. Regular budget

Recommendation 2. "The consensus procedure for approving the regular budget should be continued in future years" (A/48/460, para. 20).

11. The Secretary-General supports this recommendation, which is addressed to Member States. In this connection, it is noted that the programme budgets for the bienniums 1990-1991 and 1992-1993 were approved by consensus.

Recommendation 3. "All countries must pay their assessed United Nations dues on time and in full. Countries with past arrears should pay them as quickly as possible. This responsibility is particularly great for the large contributors" (A/48/460, para. 30).

12. The Secretary-General fully supports the thrust of this recommendation, which is addressed to Member States.

13. Difficulties arising from non-payment of contributions have been pointed out by the Secretary-General. In his 1991 report on the financial situation of the United Nations, the Secretary-General stated:

> "Over the years, innumerable reports of the Secretary-General have stressed the need for Member States to pay their assessed contributions in full and on time. The General Assembly, in successive resolutions for more than 25 years, has reiterated the same point and has recalled that this is a legal obligation of Member States under the Charter of the United Nations. Nonetheless, Member States still fail to honour their obligations in this regard" (A/46/600/Add.1, para. 22).

14. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) agreed with the Secretary-General's views in its related report (A/46/765).

15. The Organization has historically experienced problems of inadequate cash during certain periods of the year. However, in recent years their severity and

frequency has increased to the point of being continuous. The Secretary-General is concerned that this situation seriously jeopardizes his ability to meet his ongoing obligations.

16. In this connection, it is noted that at the height of the Organization's financial difficulties, some Member States paid their assessed contributions in advance. For example, Australia, Canada, Colombia and Mexico fully or partially paid their 1992 assessments in 1991. In 1992, contributions were received from Algeria, Canada, Colombia and Kuwait towards their 1993 assessments. The Secretary-General deeply appreciates the good will of those Member States which made their assessed contributions in advance, despite parliamentary constraints. However, the only durable solution to the financial difficulties of the Organization is the full and prompt payment by all Member States.

> Recommendation 4. "The United Nations should require its Member States to pay their dues in four quarterly instalments, instead of in a single lump sum at the beginning of the year" (A/48/460, para. 33).

17. The Secretary-General is of the opinion that this recommendation is feasible only if adopted as part of other changes agreed to by Member States which would ensure that the Organization has adequate cash reserves at all times of the year.

18. If adopted in isolation, this recommendation is not likely to improve the cash flow of the Organization. In fact, it may result in the collection of less money at the beginning of the year because those Member States which have been paying their annual assessments in full and on time at the start of the year might decide to pay in instalments. Conversely, there is no guarantee that those Member States which have not previously been paying early in the year will now pay their quarterly assessments in full and in a timely manner.

> Recommendation 5. "In addition, the United Nations should be given authority to charge interest on late payments under the new quarterly schedule, with such interest being deposited in the Working Capital Fund" (A/48/460, para. 33).

19. The comments of the Secretary-General concerning "the new quarterly schedule" are contained in paragraphs 17 and 18 above. With regard to the scheme of charging interest on late payments and depositing such interest income in the Working Capital Fund, it is recalled that the Secretary-General has made similar proposals in the past.

20. In his 1991 report on the financial situation of the United Nations, the Secretary-General proposed instituting the practice of charging interest, at commercial rates, to those Member States which had not paid their assessed contributions within 60 days after issuance of a letter of assessment. Interest charges would apply to all assessments, whether for the regular budget, the Working Capital Fund or peace-keeping operations. They would also apply to all outstanding contributions, whether for prior or current periods. It was proposed that interest due be calculated quarterly and set at the average rate actually earned by the United Nations during that quarter on any cash invested, and that the interest owed by a Member State be considered an additional assessed contribution subject to the provisions of Article 19 of the Charter

(A/46/600/Add.1, paras. 23-26). The related views of the Advisory Committee are contained in its report (A/46/765).

21. In this connection, it should be noted that two of the specialized agencies that have been granted authority to charge interest on late payments (the Universal Postal Union and the International Telecommunication Union) have experienced a much higher collection rate than the United Nations.

22. There also appears to be more support for the principle of charging interest on late payments in recent years, as suggested by views expressed by delegations to the Fifth Committee at the forty-seventh session of the General Assembly.

23. The Secretary-General stands ready to elaborate on his 1991 proposals at the current session of the General Assembly.

> Recommendation 6. "In order to meet their treaty obligations, countries that appropriate their United Nations contribution late in the year should appropriate their regular United Nations dues earlier than they do at present, if necessary phasing in this change over several years" (A/48/460, para. 35).

24. This recommendation, if implemented, will help improve the financial situation of the United Nations. Accordingly, the Secretary-General welcomes this recommendation, which is addressed to Member States.

> Recommendation 7. "When a reliable way to pay its bills is established, the United Nations should stop borrowing funds from its peace-keeping accounts to cover regular budget expenditures" (A/48/460, para. 36).

25. The Secretary-General agrees with this recommendation, provided that a reliable means to pay the Organization's bills is established first. The Secretary-General interprets this recommendation to mean that the same principle is applicable to the borrowing of funds from the regular budget to finance peace-keeping operations.

26. Additional information on such borrowing is contained in the reports of the Secretary-General of June and October 1993 on the financial situation of the United Nations (A/C.5/47/13/Add.1 and A/48/503).

> Recommendation 8. "The level of the Working Capital Fund should be raised from $100 million to $200 million. The difference should be financed by a one-time assessment of $100 million" (A/48/460, para. 41).

27. The Secretary-General fully supports the recommendation for an increase in the Working Capital Fund.

28. In this connection, it is recalled that on the recommendation of the Advisory Committee, the General Assembly, in its resolution 36/242 of 18 December 1981, decided to increase the level of the Working Capital Fund from $40 million to $100 million. When formulating this recommendation, the Advisory Committee stated: "in 1963, the Working Capital Fund was equal to 43.1 per cent of the annual budget; the corresponding figure for 1981 is 6 per cent.

Furthermore, the continuing decentralization of activities from Headquarters has increased the requirements for imprest accounts all over the world. In all these circumstances, the Advisory Committee agrees that there is need to increase the level of the Working Capital Fund. In the Committee's opinion it would be prudent to set the level of the Fund at approximately two months of current net expenditure, i.e. at $100 million" (A/36/701, para. 13).

29. As early as 1981, the Secretary-General had proposed that the level of the Fund be increased to an amount corresponding to 25 per cent of the net annual level of the regular budget (A/C.5/36/28, paras. 26-31 and annex VI). This proposal was reiterated in his subsequent reports (A/C.5/40/16, paras. 34-37; A/45/830, para. 11 (c); and A/46/600/Add.1, paras. 37-43). The Secretary-General also suggested that future adjustments should be made as required to maintain the same relationship between the Working Capital Fund and the regular budget, and that, as in the past, the additional amount required should be financed by an assessment on all Member States, in recognition of the collective responsibility of the membership of the United Nations for the financial viability of the Organization (see A/46/600/Add.1, para. 43). In his 1992 report on the financial situation of the United Nations, the Secretary-General reiterated yet again his proposals for increasing the level of the Fund (A/C.5/47/13, annex I).

30. The Secretary-General maintains his strong view that the Working Capital Fund should represent 25 per cent of the net annual level of the regular budget. On that basis, the Working Capital Fund in 1994 should be set at $300 million (rounded). This would enable the Fund to fulfil its purposes of providing sufficient liquidity to enable provision of advances of such sums as might be necessary to finance budgetary appropriations pending the receipt of contributions, and of meeting unforeseen and extraordinary expenses of the Organization. A Working Capital Fund of $300 million would represent some three months' requirements in 1993.

> Recommendation 9. "The United Nations should speed replenishment of its depleted reserves by depositing budgetary surpluses owed to those Member States with regular budget arrears into the Working Capital Fund" (A/48/460, para. 42).

31. The Secretary-General considers that this is a useful recommendation. However, a further elaboration of the proposal and a technical analysis of its implications would be necessary before a final judgement can be made of its usefulness in addressing the Organization's financial problems.

> Recommendation 10. "The United Nations should not be given authority to borrow" (A/48/460, para. 46).

32. The Secretary-General has on several occasions proposed that authorization be given to him to borrow commercially, should the other sources of cash be inadequate (A/C.5/36/28, A/42/841, para. 21 (b), A/46/600/Add.1, para. 52, and A/C.5/47/13, annex I). A number of specialized agencies, including the Food and Agriculture Organization (FAO), the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Meteorological Organization (WMO), have authority to borrow commercially and have exercised such authority on a number of occasions.

However, the Advisory Committee's position vis-à-vis the United Nations has been that borrowing in the open market would require the payment of interest, which could be substantial, and would thus impose additional burdens upon all Member States (A/36/701, para. 7; A/40/831, para. 12).

33. While maintaining his position that the United Nations should be authorized to borrow commercially, the Secretary-General believes that such authorization should be exercised only when no funds are available under any of the assessed activities. If the proposal was approved, any interest which the United Nations would need to pay on such commercial loans could, for example, be matched by the interest charged to those Member States which, because they did not pay their assessed contributions in full and on time, made such commercial loans necessary. At the same time, the Secretary-General notes that such a facility is not a substitute for adequate funding of the Working Capital Fund and the Peace-keeping Reserve Fund or non-payment of assessed contributions.

34. In 1987, the Secretary-General had requested that he be authorized to issue certificates of indebtedness in the amounts of arrears, secured by an assignment of those accounts receivable and repayable, without interest, when the arrears were paid in full. Such certificates of indebtedness would be open to subscription by Member States and international entities and would constitute, in fact, borrowing from Member States (A/42/841, para. 21 (c)). The Advisory Committee did not object to that request in principle, on the understanding, inter alia, that this would be on a one-time voluntary basis and would entail no additional cost to the regular budget (A/42/861, para. 7). To date, in the absence of any Member State interest in subscribing to such certificates of indebtedness, no certificate has been issued.

> Recommendation 11. "The regular budget assessment rate should be based on a 3- rather than 10-year average of Member States' GDP" (A/48/460, para. 50).

35. The Secretary-General considers that this recommendation should be referred to the Committee on Contributions.

B. Peace-keeping

> Recommendation 12. "The international community should be prepared to accept significantly increased peace-keeping costs in the next few years" (A/48/460, para. 63).

36. This recommendation is addressed to Member States.

37. It is noted that the scope and cost of United Nations peace-keeping have increased significantly in recent years. In 1989, the United Nations was operating six peace-keeping missions with a budget of $600 million, financed from peace-keeping assessments. The corresponding figures for 1993 are 16 missions with a budget of over $3 billion. It is axiomatic that the United Nations should be provided with the necessary resources to fulfil its responsibilities.

Recommendation 13. "In addition, because peace-keeping is an investment in security, Governments should consider financing its future cost from their national defense budgets" (A/48/460, para. 63).

38. This recommendation is addressed to Member States.

Recommendation 14. "The United Nations should establish a much larger revolving fund, set at $400 million, financed by three annual assessments" (A/48/460, para. 74).

39. The Secretary-General supports this recommendation.

40. By its resolution 47/217 of 23 December 1992, the General Assembly established a Peace-keeping Reserve Fund as a cash flow mechanism to ensure the rapid response of the Organization to the needs of peace-keeping operations. The level of the Peace-keeping Reserve Fund was set at $150 million to be financed in part by transfer of balances from two completed peace-keeping missions, the United Nations Transition Assistance Group (UNTAG) and the United Nations Iran-Iraq Military Observer Group (UNIIMOG), and in part by transfer from unused balances from the biennium 1986-1987 in the General Fund.

41. In February 1993, the Secretary-General reported that an initial amount of $59 million had been transferred to the Peace-keeping Reserve Fund from the special accounts of UNTAG and UNIIMOG after the preliminary closure of those accounts on 31 December 1992; that, in accordance with General Assembly resolution 42/217, the remaining amount required would be financed from the amount retained in the General Fund pursuant to General Assembly resolution 42/216 A of 21 December 1987; and that in view of the substantial unpaid assessments owed to the regular budget, it was not expected that a cash transfer to the Peace-keeping Reserve Fund from the General Fund would be possible for some time (A/47/898, paras. 3 and 4). Following the final 1992 closure of the UNTAG and UNIIMOG accounts, an additional amount of $5.2 million was transferred to the Peace-keeping Reserve Fund, thus increasing its level to $64.2 million. As at 30 September 1993, a total of $59.7 million had been loaned to certain ongoing peace-keeping operations from the Fund to meet their temporary cash requirements. The available cash balance in the Peace-keeping Reserve Fund amounts to $4.5 million. As at 30 September 1993, the General Fund was not yet in a position to transfer the amount of $85.8 million to the Peace-keeping Reserve Fund from the unused balances due to lack of liquid resources in the General Fund.

42. The major purpose of the Peace-keeping Reserve Fund is to ensure orderly cash flow and adequate funds to start up new operations. As new missions are mounted, start-up cost requirements grow. The Secretary-General trusts that serious consideration will be given to enlarging the Peace-keeping Reserve Fund. Any review of the level of the Peace-keeping Reserve Fund should be considered in conjunction with the level of the Working Capital Fund. Both funds serve a similar purpose, namely, to provide a technical funding mechanism prior to the time at which Member States may reasonably be expected to pay their assessed contributions. In addition, the Working Capital Fund must also serve as "true" financial capital for the Organization and as a source of funds for unforeseen expenses. The Secretary-General has expressed the strong view that working capital levels should approximate three months of expenditures. However, in

view of the different nature of individual operations and their patterns of expenditure, the Secretary-General would support an increase in the level of the Peace-keeping Reserve Fund to $400 million, which represents slightly less than two months of expenditures.

> Recommendation 15. "The Advisory Group would also support a regular appropriation for peace-keeping training, at a level the United Nations considers appropriate to enable its staff and military contingents provided by Member States to deal with the increasingly complex duties they are assigned" (A/48/460, para. 76).

43. The Secretary-General supports this recommendation and understands that "a regular appropriation" means "a recurrent appropriation" in order to provide for the ongoing peace-keeping training activities.

44. Member States are responsible for the actual training of their military personnel and civilian police. The United Nations provides assistance and guidance to Member States in implementing peace-keeping training. For example, pursuant to General Assembly resolution 46/48 of 9 December 1991, a list of national peace-keeping training and similar activities was issued in 1992; it will be updated annually. A peace-keeping training manual was issued in May 1993. Handbooks for United Nations soldiers and military observers and guidelines for standard operating procedures for United Nations peace-keeping forces will be issued in 1994. In addition, suggested curriculums for national defense and staff colleges and a budget model for peace-keeping training are currently in preparation. For the biennium 1992-1993, there was some resource provision for training for peace-keeping and related missions from both the regular budget and from the support account for peace-keeping operations. For 1993-1994, it is proposed to provide $480,000 from the peace-keeping support account for the purpose of developing courses and training materials, and for seminars and workshops on legal and managerial aspects of peace-keeping operations.

> Recommendation 16. "The United Nations might consider the merits of a unified peace-keeping budget, financed by a single annual assessment" (A/48/460, para. 79).

45. The Secretary-General is in favour of this recommendation.

46. Currently, there are 16 peace-keeping operations financed by separate assessments. Since the mandate periods of these operations are normally for six months, at least 32 budget reviews must be undertaken in any 12-month period. There is a need to delink the mandate period of peace-keeping operations from their budget periods. It is considered appropriate that all ongoing missions that have been in operation for two years or more could be budgeted for on an annual basis and incorporated into a single unified budget presentation. A common time-frame would be a pre-requisite, preferably the calendar year.

47. Subject to an agreement by Member States, the unified annual budget could provide for contingencies in the event that there are enlargements of existing missions. In addition, appropriations would be provided on an annual basis. Approval of such a unified annual budget would provide the Secretariat with

appropriate spending authority. However, the issuance of letters of assessment would be subject to the renewal of the mandate of each operation by the Security Council and other requirements stipulated by the General Assembly. Amounts not utilized during a calendar year would be credited to Member States against their assessments for the following year.

48. There are clear advantages for having a unified peace-keeping budget. In particular, there would be a reduction in the overall number of budgets to be prepared and the time spent in their review and approval.

> Recommendation 17. "The Secretary-General should be permitted to obligate up to 20 per cent of the initial estimated cost of a peace-keeping operation once it is approved by the Security Council" (A/48/460, para. 83).

49. The Secretary-General concurs with the thrust of this recommendation. He is of the view, however, that he should be permitted to obligate up to one third of the initial estimated cost of the operation and that the amount should be assessed on Member States. This would provide a sufficient level of funding to meet start-up costs of the new mission and permit enough time for the preparation of a detailed budget that would reflect more accurately the requirements of the operation based on the knowledge and experience gained immediately following emplacement.

50. This recommendation should be considered in conjunction with the past experience regarding the collection of assessments after new peace-keeping operations have been established. Recent experience has shown that payments of peace-keeping assessments have not been prompt enough to meet ongoing obligations. This has resulted in the necessity to borrow from the Peace-keeping Reserve Fund as well as the regular budget. Moreover, payments to troop-contributing countries are chronically late. In early October 1993, the Organization owed some $605 million to troop-contributing countries.

> Recommendation 18. "All Member States with above average per capita incomes, except for the permanent members of the Security Council, should be included in the B group of developed nations, which pay the same rate of assessment for both peace-keeping and the regular budget. This change should be phased in over several years" (A/48/460, para. 87).

51. The placement of Member States into groups rests with the General Assembly.

52. It is recalled that in section II of its resolution 47/218 of 23 December 1992, the General Assembly "requested the Chairman of the Fifth Committee to call together an open-ended working group of the Fifth Committee during the forty-seventh session of the General Assembly to examine the placement of Member States in the groups for the apportionment of peace-keeping expenses, with the objective of establishing standard criteria, in order to ensure that that placement is applied in a consistent manner which could be used to allocate Member States to the groups for all future peace-keeping operations, and to report thereon to the Assembly at its forty-eighth session". In August 1993, the Coordinator of the Working Group informed the Fifth Committee that no substantive progress had been achieved and that owing to its importance,

it was felt that the issue should be considered during the forty-eighth session of the Assembly.

C. Voluntary funding

Recommendation 19. "In the interest of greater coordination and administrative responsibility, all United Nations programmes that are currently funded by voluntary contributions alone should have their administrative expenditures financed by assessed contributions (A/48/460, para. 95).

53. The Secretary-General will draw the attention of the concerned agencies and programmes to this recommendation.

Recommendation 20. "The voluntarily funded agencies should seek a larger portion of their funding from multi-year, negotiated pledges" (A/48/460, para. 96).

54. The Secretary-General will draw the attention of the concerned agencies and programmes to this recommendation.

D. Additional financing for the future

Recommendation 21. "Current proposals for additional, non-governmental sources of financing are neither practical nor desirable. For now, the system of assessed and voluntary contributions provides the most logical and appropriate means of financing the United Nations, as it permits and encourages Member Governments to maintain proper control over the United Nations budget and its agenda" (A/48/460, para. 99).

55. The assessed and voluntary contributions from Member States remain the most appropriate means of financing United Nations activities. However, the Secretary-General does not consider there to be any inconsistency in the Organization attempting to raise funds from non-governmental sources, using the trust fund mechanisms, so long as the activities to be financed are consistent with the established objectives and mandates of the Organization.

56. In 1991, the Secretary-General proposed the establishment of a United Nations Peace Endowment Fund, with an initial target of $1 billion. Since the absence of peace impacts upon Member States and individuals alike, the Secretary-General considered it logical to seek voluntary contributions to such a fund from Governments, interested organizations in the public and private sectors, as well as individuals all over the world (A/46/600/Add.1, paras. 57-63). "An Agenda for Peace" reiterated this proposal (A/47/277-S/24111, para. 70). The Advisory Committee considered that the establishment of such a fund required a policy decision by the General Assembly before such questions as its level and operating procedures could be reviewed and reported on by the Advisory Committee (A/46/765, para. 13).

57. In "An Agenda for Peace", the Secretary-General alluded to suggestions made by others in the course of public discussion for improving the financing of the

United Nations. These include a levy on arms sales that could be related to maintaining an arms register by the United Nations; a levy on international air travel, which is dependent on the maintenance of peace; authorization for the United Nations to borrow from the World Bank and the International Monetary Fund (IMF); general tax exemption for contributions made to the United Nations by foundations, business and individuals; and changes in the formula for calculating the scale of assessments for peace-keeping operations (ibid., para. 71). It is noted that these and other suggestions remain under discussion. In the future, when more concrete and feasible suggestions are made, the Secretary-General may make further proposals to secure additional means of financing the United Nations.

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IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS

Financing an effective United Nations: a report of the Independent Advisory Group on United Nations Financing

Report of the Secretary-General

Corrigendum

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For resolution 42/217 read resolution 47/217

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QUESTION OF CYPRUS

INTERNATIONAL DRUG CONTROL

Letter dated 29 October 1993 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith a letter addressed to you by His Excellency Mr. Osman Ertuğ, Representative of the Turkish Republic of Northern Cyprus.

I should be grateful if the text of the present letter and its annex would be circulated as a document of the General Assembly under agenda items 54 and 112.

(Signed) İnal BATU
Ambassador
Permanent Representative

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ANNEX

Letter dated 28 October 1993 from Mr. Osman Ertuğ

I have the honour to refer to the statement made by the Greek Cypriot representative at the high-level plenary meeting of the General Assembly on 27 October 1993, on agenda item 112, entitled "International drug control".

Some of the remarks made by the aforesaid in the course of his statement constitute an exploitation of the meetings of the General Assembly for propaganda purposes and require an appropriate response. However, due to the usurpation and continued monopolization of the title of "the Government of Cyprus" by the Greek Cypriot regime since December 1963, I am compelled to respond to these allegations in writing.

1. Cyprus has never been under the occupation of Turkey either in whole or in part. It was, however, under the military occupation of Greece until 1974 with its 20,000 troops and officers who had been brought to the island in clandestine operations aimed at annexing the island to Greece (ENOSIS). This has been admitted by Greek officials at the highest level, while the invasion of Cyprus by that country was clearly spelled out by Archbishop Makarios in a statement to the Security Council on 19 July 1974, four days after the Greek Junta's coup d'état.

2. The Turkish Republic of Northern Cyprus is a country of laws with one of the lowest crime rates in the area, including in drug trafficking. The law enforcement authorities of the State are combating crime of all kinds with vigour and effectiveness in spite of lack of any international assistance.

3. By contrast, Southern Cyprus has been experiencing a dramatic increase in its crime rate, including drug trafficking, due to the laxity of the Greek Cypriot administration in dealing with crime. The Greek Cypriot press has been frequently reporting that incidents of violence, terror and drug-related offences have reached epidemic proportions in the South, threatening the very fabric of the Greek Cypriot society. This, in spite of the fact that the Greek Cypriot side has usurped all international assistance given to Cyprus for fighting such crimes.

In the light of the above, the Greek Cypriot representative's remarks about Northern Cyprus stand as a smokescreen for covering up his own administration's poor record in effectively fighting drug trafficking and crime in general. His exploitation of this subject at the General Assembly further aggravates the existing mistrust between the two peoples in Cyprus and hampers efforts for the creation of confidence between them.

I shall be grateful if this letter is circulated as a document of the General Assembly under agenda item 112.

(Signed) Osman ERTUĞ
Representative
Turkish Republic of Northern Cyprus

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THE SITUATION IN BURUNDI

Letter dated 1 November 1993 from the Permanent Representative of Rwanda to the United Nations addressed to the Secretary-General

On instructions from my Government, I have the honour to transmit to you herewith the text of the communiqué approved by the Regional Summit held at Kigali, Rwanda, on 28 October 1993 on the tragic situation in Burundi following the military coup d'état of 21 October 1993, which was directed against the institutions democratically established in that country after the democratic elections of June 1993.

The Summit, which was convened by the Head of State of Rwanda, decided, inter alia, that there was an urgent need to establish a stabilization force to restore confidence and security in Burundi.

In that regard, allow me to draw your attention to the content of paragraph 9 of the communiqué, concerning the invitation addressed to the United Nations authorities with a view to establishing, in consultation with the Secretary-General of the Organization of African Unity (OAU), the international force for stabilization and restoration of confidence in Burundi.

Given the serious nature of the situation in Burundi, which has consequences for the region and represents a possible threat to international peace and security, I wish, on behalf of the Government of Rwanda, to take this opportunity to address an urgent appeal to the Security Council to consider taking action concerning the recommendations of the Kigali Regional Summit and to take urgent measures to assist the people of Burundi in restoring peace and security and re-establishing the rule of law and constitutional order in their country.

I should be grateful if you would have the text of this letter and its annex circulated as a document of the General Assembly under agenda item 170.

(Signed) Jean-Damascène BIZIMANA
Ambassador
Permanent Representative of Rwanda
to the United Nations

ANNEX

Communiqué issued following the regional summit on the situation in Burundi held at Kigali on 28 October 1993

1. At the invitation of His Excellency Major-General Juvénal Habyarimana, President of the Rwandese Republic, a Regional Summit attended by the countries bordering on Burundi was held at Kigali on 28 October 1993. The Head of State of Rwanda was joined at the Summit by the Prime Minister and First Vice-President of the United Republic of Tanzania, the Honourable John Samuel Marecela, the Prime Minister of the Republic of Zaire, His Excellency Mr. Faustin Birindwa, and the Prime Minister of the Rwandese Republic, Her Excellency Mrs. Agathe Uwilingiyimana. The participants considered the tragic situation prevailing in Burundi as a result of the military coup d'état carried out on 21 October 1993 and directed against the democratically established institutions in the Republic of Burundi.

2. The current Chairman of the Organization of African Unity, the President of the Arab Republic of Egypt, was represented as an observer at the Summit by his Special Envoy, His Excellency Mr. Said Refaat, Under-Secretary of State for Foreign Affairs.

3. The Secretary-General of the Organization of African Unity, His Excellency Dr. Salim Ahmed Salim, participated at the meeting as an observer, as did the Minister of Health, of the legitimate Government of the Republic of Burundi, His Excellency Dr. Jean Minani, and the Minister of Justice, His Excellency Mr. Fulgence Bakana Dwima.

4. The President of the Rwandese Republic recalled the tragic situation that Burundi had been experiencing since 21 October 1993. He emphasized that the Kigali Regional Summit should make it possible to exchange information on the events in Burundi and to consider jointly ways and means to assist the people of Burundi to restore peace and security and also to re-establish the institutions established following the democratic elections of June 1993.

5. Dr. Jean Minani, Roving Ambassador and Plenipotentiary of the legitimate Government of Burundi, provided the Summit with detailed information concerning the tragic events which have shaken the country since 21 October 1993.

6. In their statements, the heads of delegations reiterated the condemnation by their countries and by the Organization of African Unity of the military coup d'état directed against elected institutions. They condemned, in particular, the assassination of the President of the Republic of Burundi, His Excellency Mr. Melchior Ndadaye, and some of his close associates, as well as the killing of innocent civilians. The Summit considered this attempted seizure of power by members of the military to be an event which ran directly counter to the democratic evolution of the African continent. The heads of delegations reaffirmed the steadfast commitment of their countries and of the Organization of African Unity to do their utmost to help to restore security and the rule of law in Burundi.

7. While thanking all the countries and international organizations for having supported the people of Burundi by firmly and unanimously condemning the coup d'état in Burundi, the Summit appealed to them to increase their political, diplomatic, material and financial support to the people of Burundi.

8. The Summit solemnly emphasizes that the situation in Burundi concerns not only the people of Burundi but also the countries of the region and Africa as a whole.

9. Specifically, the Summit agreed that there was an urgent need to establish a stabilization force to restore confidence and security in the country.

In that regard:

(a) The Kigali Summit requests the Secretary-General of the United Nations, in consultation with the Secretary-General of the Organization of African Unity, to establish this international force for stabilization and restoration of confidence, which should be composed of troops provided essentially by African countries chosen in consultation with the legitimate Government of Burundi;

(b) Some of the countries participating in the Kigali Summit expressed their immediate readiness to form part of this force for stabilization and restoration of confidence in Burundi;

(c) The Kigali Summit requests the Secretary-General of the Organization of African Unity to follow very closely the implementation of the decisions taken by the Kigali Summit;

(d) In order to avoid any escalation of the violence in Burundi, the Kigali Summit urges all Burundi military personnel to return to their barracks.

10. The Kigali Summit appeals to the international community to provide material, financial and technical assistance to the international force for stabilization and restoration of confidence in Burundi.

11. The Kigali Summit also appeals to the international community to make a practical gesture to stop the massacres of innocent populations in Burundi and to help the people of Burundi to find a final solution to these recurrent tragedies.

12. Lastly, the Kigali Summit appeals to the international community to provide emergency assistance to the hundreds of thousands of refugees in the countries bordering on Burundi and to the displaced persons inside that country.

13. The Prime Minister and First Vice-President of the United Republic of Tanzania, the Honourable John S. Malecela, and the Prime Minister of the Republic of Zaire, His Excellency Mr. Faustin Birindwa, expressed to His Excellency Major-General Juvénal Habyarimana, President of the Rwandese Republic, and to the Government and people of Rwanda, their gratitude for the

warm and fraternal welcome extended to them and to their delegations during their stay in Rwanda.

Kigali, 28 October 1993

For the Rwandese Republic

(Signed) HABYARIMANA Juvénal
Major-General
President of the Republic

For the United Republic of Tanzania

(Signed) John S. MALECELA
Prime Minister and
First Vice-President

For the Republic of Zaire

(Signed) Faustin BIRINDWA
Prime Minister

In the presence of

(Signed) Dr. Salim Ahmed SALIM
Secretary-General of the
Organization of African Unity

(Signed) Said REFAAT
Special Envoy of the President
of the Arab Republic of Egypt,
Current Chairman of the
Organization of African Unity

(Signed) Dr. Jean MINANI
Minister of Health
Roving Ambassador and Plenipotentiary of the Legitimate
Government of the Republic of Burundi

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Forty-eighth session
Agenda item 16 (d)

ELECTIONS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER ELECTIONS: ELECTION OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

Note by the Secretary-General

1. By its decision 45/319 of 21 December 1990, the General Assembly, on the proposal of the Secretary-General (A/45/890), elected Mrs. Sadako Ogata as United Nations High Commissioner for Refugees for a three-year term of office beginning on 1 January 1991.

2. By its resolution 47/104 of 16 December 1992, the General Assembly decided to continue the Office of the United Nations High Commissioner for Refugees for a further period of five years from 1 January 1994.

3. The Secretary-General proposes to the General Assembly that the term of office of Mrs. Sadako Ogata as United Nations High Commissioner for Refugees be extended for a period of five years, beginning on 1 January 1994 and ending on 31 December 1998.

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GENERAL ASSEMBLY
Forty-eighth session
Agenda item 31
THE SITUATION OF DEMOCRACY AND
HUMAN RIGHTS IN HAITI

SECURITY COUNCIL
Forty-eighth year

Letter dated 1 November 1993 from the Permanent Representative of the Netherlands to the United Nations addressed to the Secretary-General

I have the honour to inform you that, in accordance with Security Council resolution 875 (1993), the Government of the Netherlands has decided to dispatch a frigate and a maritime patrol aircraft of the Royal Netherlands Navy in order to ensure compliance with Security Council resolution 841 (1993) relating to the supply of petroleum and of arms and, in particular, to detect and/or detain all ships bound for Haiti whenever necessary in order to inspect their cargo and verify their destination.

I should be grateful if you would have this letter circulated as an official document of the General Assembly, under agenda item 31, and of the Security Council.

(Signed) Nicolaas H. BIEGMAN
Ambassador
Permanent Representative

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